

Michigan Office of Administrative Hearings and Rules
MOAHR-Rules@michigan.gov

**AGENCY REPORT TO THE
JOINT COMMITTEE ON ADMINISTRATIVE RULES (JCAR)**

1. Agency Information

Agency name:

Insurance and Financial Services

Division/Bureau/Office:

Insurance

Name of person completing this form:

Julie Merriman

Phone number of person completing this form:

517-284-8787

E-mail of person completing this form:

MerrimanJ2@michigan.gov

Name of Department Regulatory Affairs Officer reviewing this form:

Jeff Hayden

2. Rule Set Information

MOAHR assigned rule set number:

2023-64 IF

Title of proposed rule set:

Term and Universal Life Insurance Reserve Financing

3. Purpose for the proposed rules and background:

The proposed rules govern reserve financing arrangements used by certain life insurers in reinsurance transactions to secure the reinsurance treaty or capitalize the reinsurer in order to meet statutory reserve requirements. The proposed rules ensure that funds backing these transactions are held in the appropriate form and level of security. The proposed rules would adopt Model Regulation #787 of the National Association of Insurance Commissioners (NAIC). The Department currently implements substantially similar requirements through review of financial statements filed with the Department pursuant to the Director's order issued under MCL 500.438 of the Insurance Code of 1956. The NAIC has adopted the Model Regulation as a state insurance department accreditation standard.

Accordingly, the proposed rules would also assist in establishing uniform, national standards for the reserve financing arrangements subject to the rules and ensure that the Department maintains its accreditation status.

4. Summary of proposed rules:

The proposed rules govern reserve financing arrangements used by certain life insurers in reinsurance transactions to secure the reinsurance treaty or capitalize the reinsurer. The proposed rules ensure that funds backing these transactions are held in the appropriate form and level of security. The proposed rules would adopt Model Regulation #787 of the National Association of Insurance Commissioners.

5. List names of newspapers in which the notice of public hearing was published and publication dates:

Escanaba Daily Press (May 15, 2024); Lansing State Journal (May 15, 2024); Detroit Free Press (May 15, 2024).

6. Date of publication of rules and notice of public hearing in Michigan Register:

5/15/2024

7. Date, time, and location of public hearing:

6/4/2024 09:30 AM at Ottawa Building, Conference Room #6 , 611 West Ottawa Street, Lansing, Michigan 48933

8. Provide the link the agency used to post the regulatory impact statement and cost-benefit analysis on its website:

<https://ARS.apps.lara.state.mi.us/Transaction/RFRTransaction?TransactionID=1491>

9. List of the name and title of agency representative(s) who attended the public hearing:

Julie Merriman, Administrative Law Specialist, Department of Insurance and Financial Services

10. Persons submitting comments of support:

None

11. Persons submitting comments of opposition:

None

12. Persons submitting other comments:

None

13. Identify any changes made to the proposed rules based on comments received during the public comment period:

	Name & Organization	Comments made at public hearing	Written Comments	Agency Rationale for Rule Change and Description of Change(s) Made	Rule number & citation changed
1					

14. Date report completed:

6/18/2024